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ABSTRACT

Designed for teachers with limited experience in cooperatives, this course of study was prepared by seminar students for use in high school or adult education programs, and emphasizes the principles of cooperation, the operation and management of cooperatives, and the communication required for their effective functioning. Units requiring a total of 20 hours of instruction include: (1) Introduction, (2) Types of Business Organizations, (3) Cooperative Principles and Practices, (4) Organizational Structure, Duties, and Responsibilities, (5) Life Cycle of a Cooperative, (6) The Financial Statement, (7) Legal Aspects of Cooperatives, (8) Cooperative Communications, (9) Cooperative Management, (10) Cooperation and Cooperatives in Our Society, (11) Human Relations, (12) Marketing, (13) Supply Cooperative, (14) Credit Union, and (15) Service Cooperatives. Instructional objectives, learning activities, teaching aids, and references accompany each unit. Additional learning activities, teaching aides, a glossary, and sample lesson plans are appended. (SB)

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CENTER FOR VOCATIONAL AND TECHNICAL
EDUCATION
OHIO STATE UNIVERSITY

A COURSE OF

STUDY IN

COOPERATION AND COOPERATIVES

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Editor

Instructional Series No. 2

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EDUCATION & WELFARE
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February 1972

*These materials were first developed for the Summer Session Course, Ag. & Ext. Ed. 557. Major Credit for this document goes to Harold Chapman, assisted by Eston Glover and other members of the student committee.

P R E F A C E

This course of study in cooperation and cooperatives is one of several student projects that grew out of the University of Wisconsin 1971 Summer Session "Seminar on Wheels." The seminar resulted from the combined efforts of the Department of Agricultural and Extension Education, the Department of Agricultural Economics and the Wisconsin Federation of Cooperatives.

After an intensive content course in cooperatives, the students organized this information into teaching units according to their interests and needs. I believe this unit selected for publication will prove especially useful to teachers of vocational agriculture, agriculture extension agents, social studies teachers, and cooperative managers. I strongly urge the user of this course of study to work with and through the cooperative manager as he is the most effective resource that the user can possibly have.

The course of study is based on the following assumptions:

A. The goal of learning activities is change in the learner.

B. Learning is personal-individual.

C. A person learns more effectively if the content and problems are meaningful to him.

D. Each person will be at a different level of knowledge and experience.

E. Learning requires a process which integrates new information into the experience of the learner.

F. A person takes more responsibility for ideas and decisions which he helped to create.

Prior to teaching the unit, the user should check the bibliography. It is not long, and since these items are normally quite available, the user would be well advised to acquire them.

The actual observation of the cooperatives in action by this group through the Seminar on Wheels was the capstone experience that gave the entire project reality. I wish I could recognize every cooperative organization and their personnel who assisted us at one time or another. Since this is not practical, I want to extend my deepest appreciation to the Wisconsin Federation of Cooperatives and to Mr. Glenn M. Anderson, Executive Secretary, for the tremendous job he did in supporting the seminar and coordinating with all individuals and organizations who made this effort possible.

W. T. Bjoraker

APPLICATION OF THE COURSE OF STUDY

This course of study is for the use of people conducting courses in cooperation and cooperatives. Its purpose is to provide a resource for preparing for educational activities.

It is assumed the instructor will determine the objectives, identify the clientele, and determine the amount of time to be spent. In addition, he will carry out a situation analysis for each course. This would assist him in focussing the items of content to meet the needs of the individuals in the group, whether employees, elected officials, women, young people or new members. He should also involve the sponsor of the course and the participants, in the final selection of content for the course.

The instructor would also determine the level of learning desired for each item of content. The instructional objectives are presently worded to achieve the lower levels of complexity of learning,--"knowledge" or "comprehension", with only a few worded at the "application" level. Where higher levels of cognitive learning are desired, (for example "analysis", "synthesis" or "evaluation") more time and different learning activities would be needed. In this case he should consider reducing the number of items studied.

Appendix B lists the teaching aids proposed for each item of content. Some samples of teaching aids are provided in Appendix D. Appendix E consists of sample lesson plans for the three content areas in Unit F, with a complete set of teaching aids. The teaching aids are all referenced to the Lesson Guides in which they appear and it is assumed the instructor will develop the aids which best meet his situation and needs.

Where slides are proposed, it is suggested that he contact the local cooperative manager or the Public and Member Relations Department of a Regional cooperative with which the local cooperatives in the area are affiliated.

For handouts it is assumed the instructor will prepare what he requires for his situation, using the suggestion under teachers' references, and his experience. Where he is offering the course several times, the first might be conducted as a workshop in which handouts and other teaching aids are prepared or tested by a selected group of participants.

A number of assignments are included in Appendix D, coded to the appropriate instructional objective in the Lesson Guides. These could be used intact or changed by the instructor as required for an effective learning experience.

It is assumed that each instructor will obtain for his own use, a copy of each of the references identified under "teacher's references" in the Lesson Guides.

The instructor's lesson plans incorporate for him the items that he feels would best help the students to learn.

Any evaluation should be built in by the instructor at the beginning of his planning process. He should decide if there will be any planned evaluation. If so, the items to be included might be: purpose of the course, who is interested, what is to be evaluated, what criteria are to be used (key indicators), what evidence or information is to be obtained, and what reports will be prepared during and at the end of the course.

COURSE OF STUDY IN COOPERATION AND COOPERATIVES

I. Purpose

This course of study has been prepared for people with limited teaching experience in cooperatives. It is for use in schools as well as in adult education programs. It is designed with the flexibility required to permit the individual teacher to express his philosophy, interests, and aptitudes.

It also recognizes the different interests, experiences and levels of learning of the students.

While it has been prepared for use with students who have limited previous learning about cooperatives, provision is made to facilitate moving to higher levels of learning when so desired by the students and teacher.

II. Objective of Course

The objective of the course of study is to develop a basic learning of the principles of cooperation, the operation and management of cooperatives, and the communication required for their effective functioning in our society at the application level of cognitive learning.

III. Clientele

This course of study was prepared for use in high schools and for adult study. In addition to high school students, the participants could include: (1) members, directors, and employees of cooperatives and (2) other interested people.

It is also assumed the adult classes would have from 15 to 25 students,

both men and women, having education varying from elementary to college graduation. If possible the course should permit selection or division on the basis of age; for example, 35 and under, and over 35 years.

IV. Analysis of Students

A pre-registration survey should be completed, for use by the instructor in understanding students in the class. The survey would include age, education, experience, and present level of knowledge of cooperatives.

V. Class Time Required

A. It is suggested that this course of study require 20 hours of instruction. This might be given in one week, two hours per week over a period of time, or any other arrangement suitable to students and instructor.

B. The course includes 14 units, any number of which may be selected to meet the needs and interests of the students.

C. It is suggested that a minimum of 20 hours of instruction be required for a certificate of completion.

VI. Evaluation of Students

Because of the nature of this course, and the background of the students, traditional forms of testing may be waived, particularly for adults, unless requested by the student. In this case evaluation could be based on the following:

A. Attendance

B. Participation

C. Assignments

If the system sponsoring the course requires student grades, they may be based on the above areas, as proposed by the student and approved by the teacher.

VII. Units of Instruction With Content for Each Unit

A. Introduction of the course

1. What is a cooperative?
2. Cooperative history
3. Cooperative terminology
4. Why cooperatives are formed
5. Types of cooperatives

B. Types of business organizations

1. Individual proprietorship
2. Partnership
3. Corporation (investor-owned)
4. Cooperatives (patron-owned)
5. Government corporations

C. Cooperative principles and practices

1. The updated cooperative principles
2. Practices in local cooperatives

D. Organizational structure, duties and responsibilities

1. Organizational chart showing roles and relationships in a cooperative
2. Main duties and responsibilities of:

a. Members

--stockholders

--patrons

b. Board of Directors

c. Manager

d. Staff

E. Life cycle of a cooperative

1. Sequence of events in forming a cooperative

2. Cooperative merger, consolidation, or liquidation

F. The financial statement

1. Definition of terms

2. Key ratios

3. Analysis of financial report

G. Legal aspects of cooperatives

1. Legislation, articles, and bylaws

2. Member contract

3. Taxation

H. Cooperative communications

1. Uniqueness and problems of cooperative communications

2. Communications model

3. Networks

4. Elements for success

I. Cooperative management

1. Functions of management

2. Decision making

3. Objectives, goals, policies

4. Controls

J. Cooperation and cooperatives in our society

1. Distinguishing between "cooperation" and "cooperatives"
2. Cooperation between cooperatives
3. Future of cooperatives

K. Human relations

1. Individual differences of people
2. Roles people play in a group

L. Marketing

1. Define
2. Operation of
3. Services
4. Application of cooperative principles
5. Examples of this type of cooperative

M. Supply Cooperative

1. Define
2. Operation of
3. Services
4. Application of cooperative principles
5. Examples of this type of cooperative

N. Credit Union

1. Define
2. Operation of
3. Services
4. Application of cooperative principles
5. Examples of this type of cooperative

O. Service cooperatives

1. Define
2. Operation of
3. Services
4. Application of cooperative principles

5. Examples of this type of cooperative

VIII. Lesson Guides

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
A. Introduction of the Course			
1. To be able to describe key elements in the definition of a cooperative, and apply them to a cooperative.	• Reading • Field assignment • Written report on assignment • Class discussion on assignment	• Text • Assignment	• Roy (1) p. 1 • Local cooperative
2. To become acquainted with the historical development and present status of cooperatives	• Reading • Field assignment • Report and discussion in class	• Text handout • Assignment	• Roy (1), chap. 3, 4, 5, 6
3. To be able to use cooperative terminology	• Reading • Class discussion	• Handout	• Schaars Appendix C
4. To be able to analyze the reasons for the establishment of a cooperative	• Field assignment • Written report on assignment • Class discussion on assignment	• Assignment	• Local cooperative
5. To be able to name and distinguish between the various types of cooperatives.	• Lecture-discussion	• Transparencies • Slides • Handout	• Teacher's Guide (2)
6. To be able to select the program of instruction for the course	• Reading • Class discussion	• Handout (Teacher's tentative course outline)	• -----
B. Types of Business Organizations			
1. To be able to list and give examples of various types of business organizations	• Lecture-discussion • Individual assignment • Class discussion on assignment	• Worksheet	• Teacher's Guide (2) (table 2-1) p. 8 & 9 • Roy (1), chap. 2

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
2. To be able to compare the types of business organizations	• Individual assignment • Class discussion on assignment	• Worksheet (table 2-2), handout (table 2-1), text (Roy, chap. 2)	• Teacher's Guide (2) (table 2-2) p. 10 & 11
C. Cooperative Principles and Practices			
1. To be able to apply the six updated cooperative principles to a local cooperative.	• Problem solving	• Handout • Assignment	• International cooperative alliance pamphlets
2. To be able to identify examples of each principle in operation in a local cooperative	• Field trip (individual or small group) • Class reports and discussion	• Assignment	• Local cooperatives
D. Organizational Structure, Duties and Responsibilities			
1. To be familiar with the roles in a cooperative and their relationship as shown by an organizational chart	• Lecture-discussion	• Handout	• Roy (1) chap. 16
2. To be able to identify the duties and responsibilities for the key roles in a cooperative	• Problem solving • Class report • Class discussion	• Handout	• Roy (1), chap. 16
E. Life Cycle of a Cooperative			
1. To be able to apply the steps in forming a cooperative	• Organize class cooperative • Class discussion	• Handout	• Roy (1), chap. 12 • Teacher's Guide (2), p. 5

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
2. To become aware of and familiar with the concepts of cooperative merger, consolidation, or liquidation	• Lecture-discussion	• Handout	• Roy (1), p. 308-314
F. The Financial Statement			
1. To be able to comprehend the key terms in a cooperative financial statement	• Reading • Class discussion	• Handout • Cooperative manager • Transparency	• Cooperative manager
2. To appreciate and be able to interpret the key ratios in a cooperative financial statement	• Lecture-discussion	• Handout • Transparency • Cooperative manager	• Cooperative manager
3. To be able to analyze the financial standing of a cooperative	• Practical assignment • Class discussion	• Handout • Assignment • Cooperative manager	• Cooperative manager • Roy (1), chap. 17
G. Legal Aspects of a Cooperative			
1. To develop an appreciation for and be able to interpret key legal documents of a cooperative	• Lecture-discussion • Assignment • Class discussion	• Handout • Assignment	• Statutes and sample legal documents • Garoian (3), p. 1-3 • Resource person from regional cooperative
2. To develop an appreciation for member contracts in cooperatives	• Lecture-discussion	• Handouts	• Sample contract • Resource person from regional cooperative

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
3. To be able to explain the application of tax laws to cooperatives	• Lecture-discussion • Role play questions and answers	• Handout • Role play assignment	• Resource person from regional cooperative • Roy (1), chap. 18
H. Cooperative Communications			
1. To be able to appreciate the uniqueness of a cooperative and the resulting communication problems	• Lecture-discussion	• Handout	• Cooperative communications (4), chap. 2
2. To be able to apply the communications model to cooperative communications	• Lecture-discussion	• Transparency • Handout	• Cooperative communications (4), chap. 3
3. To develop an awareness of networks in the communications process	• Lecture-discussion	• Transparency • Handout	• Cooperative communications (4), chap. 3
4. To be able to appreciate the requirements of a successful cooperative communications program	• Field assignment • Report and class discussion	• Handout • Assignment	• Cooperative communications (4), pp. 11-12
I. Management of a Cooperative			
1. To be able to comprehend the functions of management	• Reading • Lecture-discussion	• Handout • Slides, transparency	• Local cooperative manager • Garoian (3), chap. 3
2. To be able to apply the decision making process	• Problem solving	• Handout • Assignment	• Garoian (3), chap. 3

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
3. To be able to define the terms and identify examples of: objectives, goals, and policies	• Reading • Assignment • Class discussion	• Handout • Assignment • Transparency or slide	• Garoian (3), chap. 4
4. To be able to recognize and appreciate control measures used in a cooperative	• Reading • Assignment • Class discussion	• Handout • Assignment • Transparency or slide	• Garoian (3), chap. 7
J. Cooperation and Cooperatives in Our Society			
1. To be able to distinguish between and compare cooperation and cooperatives	• Lecture-discussion	• Handout	• Dictionary
2. To be able to demonstrate and justify a commitment on what cooperation and cooperatives mean to you.	• Coffeebreaks • Class socials	• Setting the stage -Providing the time -Providing the support -Arrangements of facilities	• ----
3. To be aware of existing cooperation between cooperatives and opportunities for improvement	• Assignment • Report • Class discussion	• Assignment	• Local cooperative
4. To be able to discuss the future of cooperatives	• Reading • Class discussion	• Handout	• Roy (1), chap. 23
K. Human Relations			
1. To be able to analyze and appreciate some of the human aspects of cooperatives	• Reading • Lecture-discussion • Assignment • Class discussion	• Handout • Assignment	• Maslow (8) • McGregor (9)

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
2. To be able to distinguish between the roles people play	• Role play • Class discussion	• Handout • Transparency • Role play assignment	• ----
L. Marketing Cooperatives			
1. To be able to define the cooperative and describe how it operates and the services it provides	• Reading • Assignment • Class discussion	• Handout • Worksheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
2. To be able to identify the application of the cooperative principles in this cooperative	• Assignment • Class discussion	• Worksheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
3. To be able to identify examples of this type of cooperative	• Lecture-discussion	• Slides or transparency	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
M. Supply Cooperatives			
1. To be able to define the cooperative and describe how it operates and the services it provides	• Reading • Assignment • Class discussion	• Handout • Worksheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
2. To be able to identify the application of the cooperative principles in this cooperative	• Assignment • Class discussion	• Work-sheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
3. To be able to identify examples of this type of cooperative	• Lecture-discussion	• Slides or transparency	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
N. Credit Union			
1. To be able to define the cooperative and describe how it operates and the services it provides	• Reading • Assignment • Class discussion	• Handout • Worksheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
2. To be able to identify the application of the cooperative principles in this cooperative	• Assignment • Class discussion	• Work-sheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
3. To be able to identify examples of this type of cooperative	• Lecture-discussion	• Slides or transparency	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
O. Service Cooperatives			
1. To be able to define the cooperative and describe how it operates and the services it provides	• Reading • Assignment • Class discussion	• Handout • Work-sheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports

Instructional Objectives	Learning Activities	Teaching Aids	Teacher References
2. To be able to identify the application of the cooperative principles in this cooperative	• Assignment • Class discussion	• Work-sheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
3. To be able to identify examples of this type of cooperative	• Lecture-discussion	• Slides or transparency	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports

P. Other Cooperatives as Selected by Teacher and Students

1. To be able to define the cooperative and describe how it operates and the services it provides	• Reading • Assignment • Class discussion	• Handout • Worksheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
2. To be able to identify the application of the cooperative principles in this cooperative	• Assignment • Class discussion	• Work-sheet	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports
3. To be able to identify examples of this type of cooperative	• Lecture-discussion	• Slides or transparency	• Cooperative manager • Roy (1), chap. 7 • Pamphlets & reports

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8. Maslow, A. H. Toward a Psychology of Being. New York: Van Nostrand Reinhold Company, second edition, 1968.

9. McGregor. Human Side of Enterprise. pp. 35-60.

10. Your Off the Farm Business. Published by the Cooperative League of the USA, 1970.

11. Farmer Cooperatives of the United States. Published by USDA, Washington, D. C.

12. International Cooperative Alliance, Updated Cooperative Principles. Published by the Cooperative League of the USA.

APPENDIX A

Learning Activities

1. Reading
2. Assignment (field, practical, individual, group)
3. Report (written, oral, group)
4. Class discussion
5. Lecture-discussion (keep the length of any lecture to a minimum)
6. Problem solving
7. Organize a class cooperative
8. Role play
9. Coffee breaks and class socials (we see these as part of the learning experience including exchange of information and evaluation)

APPENDIX B

Teaching Aids

A. 1. (Assignment)	Questionnaire to identify key elements in the definition of a cooperative, to be used in a local cooperative.
A. 2. (Assignment)	Questionnaire to obtain information from a local cooperative on its history, reasons for establishment, development, and present status.
A. 2. (Handout)	Roy (1), p. 57, Table 3-1, Historical Evolution of the Cooperative.
A. 3. (Handout)	Glossary of Cooperative Terms (Dr. Schaars).
A. 5. (Slides)	Types of cooperatives.
A. 5. (Handout)	List of types of cooperatives.
A. 6. (Handout)	Tentative outline for the course.
B. 1. (Assignment)	Worksheet classifying businesses in the community into single proprietorship, partnership, investor-owned corporation, user-owned cooperative, and government.
B. 2. (Assignment)	Worksheet on four methods of doing business (Teacher's Guide (2), pp. 10-11).
B. 2. (Handout)	Four methods of doing business (Teacher's Guide (2), pp. 8-9).
C. 1. (Assignment)	Problem solving situation regarding application of cooperative principles.

C. 1. (Handout)	Updated cooperative principles [Cooperative League of the U.S.A. (12)].
C. 2. (Assignment)	To identify the application of the six cooperative principles in a local cooperative.
D. 1. (Handout)	Organizational chart for a cooperative.
D. 2. (Handout)	Outline of duties and responsibilities for each key role in a cooperative.
E. 1. (Handout)	Steps in forming a cooperative.
E. 2. (Handout)	Concepts of merger, consolidation, and liquidation.
F. 1. (Transparency)	Common financial terms.
F. 1. (Handout)	Sample cooperative statement.
F. 1. (Handout)	Common financial terms and their definitions.
F. 2. (Transparency)	Key ratios in a cooperative financial statement.
F. 2. (Handout)	Financial controls and key ratios in a cooperative financial statement.
F. 3. (Assignment)	Practical work assignment which calculates and judges key ratios and other information for an <u>actual</u> financial statement of a local cooperative.
G. 1. (Assignment)	Key items in cooperative legal documents.
G. 1. (Handout)	Cooperative statutes, articles, bylaws, and member application for a local cooperative.
G. 2. (Handout)	A marketing contract and brief description of key elements.

G. 3. (Assignment)	Role play questions and answers on income tax.
G. 3. (Handout)	Key points on application of tax laws to cooperatives [Cooperative League of the U.S.A. (12)].
H. 1. (Handout)	List of unique factors in cooperative communications.
H. 2. (Transparency)	Communications model.
H. 2. (Handout)	The communications model.
H. 3. (Transparency)	Networks in the communications process.
H. 3. (Handout)	Networks in the communications process.
H. 4. (Assignment)	Cooperative communications checkup [Cooperative Communications (4), pp. 11-12].
H. 4. (Handout)	Requirements for a successful cooperative communications program.
I. 1. (Slides or Transparency)	Functions of management.
I. 1. (Handout)	Functions of management.
I. 2. (Assignment)	Problem solving--practical application of steps in decision making.
I. 2. (Handout)	The decision making process.
I. 3. (Assignment)	Worksheet for determining objectives, goals, and policies of a local cooperative.
I. 3. (Slides or Transparency)	Objectives, goals and policies.
I. 3. (Handout)	Objectives, goals and policies.
I. 4. (Assignment)	Worksheet on control measures (Key Performance areas and Key Indicators) for a local cooperative.

I. 4. (Slides or Transparency)	Control principles and tools.
I. 4. (Handout)	Tools of control for a cooperative.
J. 1. (Handout)	Comparison of cooperation and cooperative.
J. 2. (Assignment)	Setting the stage.
J. 3. (Assignment)	Worksheet for identifying examples of cooperation among cooperatives and opportunities for improvement.
J. 4. (Handout)	Future of cooperatives in our society.
K. 1. (Assignment)	T-F questionnaire regarding behavior of people.
K. 1. (Handout)	The Individual--What we are and why we do what we do.
K. 2. (Assignment)	Role play guide.
K. 2. (Handout)	How Individuals work in a group.
K. 2. (Transparency)	Roles people play.
L. 1. (Assignment)	Worksheet on the operation of the cooperative.
L. 1. (Handout)	Basic information about a marketing cooperative.
L. 2. (Assignment)	Worksheet on application of cooperative principles in this type of cooperative.
L. 3. (Slides)	Examples of marketing cooperatives.
M. N. O.	(See L. above.)

APPENDIX C

GLOSSARY

Words and terms commonly used in cooperative writings.

Prepared by Marvin A. Schaars

acquisition

one firm purchasing another; a type of merger.

advances

partial payments made to patrons of marketing associations upon receipt of their products before they have been sold and the final settlement price is determined.

allocated capital book credits

retained patronage refunds for capital purposes but allocated to patrons for which notification of allotment is made to the patrons; may also include per unit retains.

anti-trust laws

laws declaring trusts and combinations in restraint of trade as illegal--both state and federal laws.

articles of incorporation

a legal document filed with the Secretary of State or Comissioner of Corporations showing the purpose, capitalization, address, and names of the incorporators of a company.

asset

that which is owned, such as property, money, goodwill.

association

an organization of people with a common purpose united in a formal structure.

audit

an examination and verification of the records and financial accounts. An unqualified audit is an audit prepared by a qualified accountant or auditor which he reports to be accurate as to the balance sheet and operating statement without reservation and determined by generally acceptable accounting procedures.

balance sheet

a statement showing the assets, liabilities, and net worth (or owner equity) of a business on a specified date, usually the end of the year.

bank for cooperatives

a bank owned and operated by farmer cooperatives, subject to federal government control, which makes loans to farmer cooperatives--there are 12 regional and 1 central bank.

bargaining cooperative

a type of cooperative whose sole or principal function is to bargain for terms of sale and does not handle the physical products (to be contrasted with an operating type of cooperative that does handle the physical goods).

Bingham Cooperative Marketing Act

The cooperative marketing act of the State of Kentucky enacted in 1922 and named after Judge Robert W. Bingham, the unmistakable leader of cooperative marketing among burly tobacco growers. This Act incorporated almost entirely the draft of a cooperative law by Aaron Sapiro and was called "the standard cooperative marketing act" as a result of its adoption by many states.

blue-sky law

laws that regulate the issuance and sale of securities by corporations. In absence of specific statutory exemption, the securities issued by cooperatives would be regarded as subject to the blue-sky laws.

bond

a certificate representing indebtedness of the issuer and bearing a fixed maturity date as well as fixed interest.

broker

an agent middleman receiving a fee (brokerage) for his selling or purchasing service--he does not physically handle the product.

by-law

a standing rule, not included in the constitution or articles of incorporation, that specifies operational practice and policy.

capital

money, or dollar value of property, used in a business and consisting of that supplied by the owners and that which is borrowed.

capital stock

book value of the invested money in a company represented by the total shares issued by a corporation--value of all the shares of a corporation consisting of those sold and fully paid for and partially paid for and those unissued.

Capper-Volstead Act

the federal law (1922) legalizing farmers' marketing associations engaged in interstate and foreign commerce--sometimes referred to as the magna charta of farmers' cooperatives in this country.

centralized association

an organization of members residing over a large geographical area, such as a state or region, as contrasted with a local association whose members live in a relatively small area about a trading center; producer members hold membership directly in the central association.

certificate

a paper on which the writing certifies to the condition, status, obligation rights, etc. of the holder of the paper.

(a) certificate of membership--a paper setting forth the rights, privileges, and conditions of membership of a person in a nonstock type of cooperative given to the member upon payment of a membership fee.
(b) certificate of equity, of investment, revolving fund certificate--most generally a certificate without a maturity date issued as evidence of retained patronage refunds or per unit retains and legally constituting an investment in the capital of the cooperative and, therefore, a part of the net worth of the association.
(c) certificate of indebtedness--such certificates are also issued as evidences of deferred patronage refunds or per unit retains and most generally have a redemption, maturity or due date. These due-dated certificates are of the nature of a loan to the cooperative and, therefore, legally constitute a liability of the firm.

charter

the articles of incorporation in connection with the law under which a corporation is organized. It consists of the powers, rights, and

liabilities of a corporation granted to the incorporators. In brief (in non-legal terms) it is the authority to proceed as a corporate body subject to the constitution and statutes of the state where the incorporation took place.

Clayton Act

a federal law passed in 1914 as an amendment to the Sherman Anti-Trust Act which, among other things, legalized the organization of agricultural or horticultural association instituted for the purpose of mutual help and not having capital stock or conducted for profit.

common stock

ownership capital in a corporation divided into shares or stock certificates which carry voting rights, unless otherwise indicated, and which is eligible to receive dividends; there is no due date on such stock and it carries all the risks associated with the investment; sometimes common stock is divided into certificates of Class A common stock that carry voting rights and certificates of Class B common stock that also carry all risks of investment but not the right to vote.

conglomerate firm

a business firm combining different and dissimilar enterprises within a single company--products are completely dissimilar, are sold in different markets, pass through different marketing channels, and are not directly competitive. Ex. A firm that has acquired an air line, a meat packing firm, and an electronics company all under one central control and management.

consolidation

a type of merger of two or more companies, such as Companies A and B and C, which are liquidated and a new company, D, is organized in the process and replaces the first three.

consumer cooperative

a cooperative association of the purchasing type which sells primarily consumption goods--food, clothing, fuel, household goods, furniture, etc. Both urban and rural people may be the members.

contract, agency

a type of marketing contract under which the cooperative does not take title to products delivered by members to the association but handles them on an agency basis.

contract, marketing

a legal agreement between the farmer and his cooperative under which the farmer agrees to market his salable products mentioned in the contract through the association and the association agrees to market the products for the farmer; a local association may also contract to market its products through a central marketing cooperative.

contract, purchase and sale

a type of marketing contract under which the cooperative purchases the products from the member upon delivery to the association, takes title to the same, and pays as the purchase price the resale price less authorized deductions.

cooperative

is a business voluntarily owned and controlled by its member patrons and operated for them and by them on a non-profit or cost basis; it is an association with an economic objective owned and run by the people who use it and operated for their mutual benefit.

corporation

is a legal entity created under the corporation laws of a state (or sometimes under federal law) whose powers, liabilities, and rights are separate and distinct from those of the individuals constituting the corporate body

credit-open line

a maximum amount of credit extended to a borrower, with or without collateral as security, for a given period of time, usually a year. The borrower may, therefore, use none or any amount of the credit up to the maximum agreed upon as he sees fit and pays interest only on the amount actually borrowed.

credit union

a cooperative organized to promote thrift and savings among its members, to create a source of loanable funds for useful purposes, and to educate its members in the wise use of money; a thrift and loan association.

Cuna

national organization of credit unions with its headquarters offices in Madison, Wisconsin (formerly called Credit Union National Association).

damages (liquidated)

a payment made to the cooperative by a member who violated his marketing contract. Such payment for defection, generally based on the value of the product in question, is to reimburse the association for losses sustained as a result of the non-delivery of products. The Wisconsin cooperative law specifies a maximum liquidated damage of 30%.

debentures

certificates of indebtedness of a company backed by promises to pay and the general credit of the firm rather than by collateral property.

delinquent loan

an unpaid loan that is more than 30 days beyond the due date.

director

one of several persons elected by the members to govern or control the affairs of the cooperative.

dividend

a sum of money paid on investments to shareholders (common and preferred stockholders) of a corporation out of earnings.

equity

the ownership interest of a member or stockholder of a company as distinguished from that of a bond holder or lender; investment rights in a company.

exempt cooperative

a farmer's cooperative which is not required to pay federal income taxes upon satisfactorily meeting the provisions of the tax law, the regulations thereunder, and the restrictive requirements of the Internal Revenue Service.

Farm Credit Administration

an agency of the federal government created in 1933 to supervise the farm credit system in the United States which includes the federal land banks and the local federal land bank associations, the Intermediate Credit Banks and the production credit associations, and the Banks for Cooperatives.

farm supply cooperative

a purchasing type cooperative through which its patrons obtain farm supplies such as feed, seed, fertilizer, gasoline, chemicals, appliances, and other production goods.

federal intermediate credit bank

one of twelve regional banks which discounts farmers' notes largely to production credit association (PCA's) and in lesser volume to other agricultural financing institutions.

federal land bank

one of twelve regional banks owned by farmers which discount mortgage notes of local federal land bank association.

federal land bank association

(FLBA) an assocation of farmers from which money is borrowed on a long term basis for purchasing land and other real estate (formerly called National Farm Loan Associations--NFLA).

federation

an association of local cooperatives in which the local associations elect a board of directors to govern the central association with the locals retaining their autonomous character--farmers are members of locals and locals (or regionals) are members of the central association.

gross margin

the difference between the selling price and buying price generally indicated as a percentage of the selling price.

incorporating

the act of setting up a corporation by filing incorporation papers with the Secretary of State or Commissioner of Corporations for his approval or sanction.

injunction (related to marketing contracts)

a remedy to the association for breach or contemplated breach of a marketing contract as a result of a court order enjoining a member or a third party from further violating a marketing contract. Such injunction may be against third parties interfering with delivery of products to the cooperative and/or against member contract signers from further defection of the contract.

integration

the act of bringing two or more like units (such as retail stores) or two or more successive bargaining units (such as a processor, wholesaler and retail store) under one central control and management; bringing together two or more units into a whole.

integration, horizontal

the act of combining two or more like units of production or agencies in marketing under one central control and management, as for example two or more retail stores.

integration, vertical

successive steps in the marketing channel that are bargaining units brought under one central control and management (Ex. a wholesale and retail units owned and operated by one firm).

interest

the payment for the use of borrowed money.

King, Dr. William

English cooperator; the "Father of Distributive Cooperation"; advocate of consumer cooperatives; author of "The Cooperator" in 1828-1830 (1786-1865).

liabilities

amounts owed by a business firm to its creditors of either short-term of long-term nature--also designated as current liabilities (payable within a year) and fixed liabilities (payable after a year).

limited liability

in a corporation, the stockholder is liable for the debts of the corporation, as an investor, only to the extent of the value of the shares he owns.

loan

generally a sum of money lent at interest to a borrower. (Other physical objects may also be lent.)

member

each of the persons composing an association. In a capital stock type

association a person must have purchased at least one share of common voting stock to fully qualify as a member--in a nonstock or membership type association one must have paid a membership fee in order to qualify.

membership agreement

an agreement between a person and a cooperative under which the person agrees to become a member of a cooperative (sometimes confused with a "marketing contract").

membership certificate

(See certificate--membership)

membership fee or membership capital

the amount or fee paid by a member for membership in a nonstock association or in an unincorporated cooperative.

merger

two or more companies brought together as one in which the acquiring company continues but the acquired one is liquidated. (See acquisition; consolidation)

middleman

a business firm which is engaged in the physical transfer and exchange of title to products in their passage through the marketing channel from producer to ultimate consumer.

net margin

gross margin minus the operating expenses; same as "net earnings", "profit", "net revenue", or "net savings" from business operations.

net worth

owners' equity in a business firm--it is the excess of the value of assets over liabilities.

non-exempt cooperative

a cooperative which does not qualify for the exemption of the payment of federal income taxes.

non-profit association

a cooperative association which is organized and operated not to profit at the expense of its patrons or set up to profit on business with "outsiders" for the benefit of the members of the cooperative. The non-profit character rests on the basis that the net savings or "profits" are not retained by the association per se but are required to be distributed to the patrons on a patronage basis.

non-stock cooperative

a membership type organization formed without capital stock.

open membership

an unrestricted membership policy of a cooperative--a very liberal policy with few restrictions as to admission of members into a cooperative.

operating statement

an itemization of income and expenses of a business for a given period of time, usually a year.

Owen, Robert

an early English advocate and enthusiast for cooperation among workingmen suggesting ownership of land, homes and factories by the workers; sometimes called the "Father of Cooperation", (1771-1858).

partnership

two or more persons jointly carrying on a business without being incorporated, and each fully responsible for the debts, commitments, and obligations incurred by any one of the partners.

past due loan

a loan which has not been paid on the due date but has not exceeded that date by 30 days.

patron

one who trades at or uses the services of a cooperative; a customer.

patronage refund

net savings (or net earnings, net margin, or net revenue) returned to

patrons or allocated to them in proportion to the volume of business done with the cooperative or useage made of the cooperative's services; also spoken of as patronage dividends.

patronage refunds, deferred

patronage refunds which are not paid in cash immediately following the year in which they were earned but invested in the cooperative and to be paid at some later date.

PCA (production credit association)

an association owned and operated by farmers, to provide loanable funds for agricultural production purposes, usually for short to intermediate periods of time.

Plunkett, Sir Horace

outstanding Irish leader and advocate of farmers' processing and marketing associations; sponsor of the Irish Agricultural Organization Society and founder of the Horace Plunkett Foundation, an educational agency. (1854-1932).

pooling

an averaging process; more specifically, as generally used in cooperative writings, it refers to a method of handling products whereby lots of the same product from different producers are combined by grade as a basis for averaging net returns for payment to the contributors to the pool during a specified interval of time (each grower's products lose their identity and with the products of other producers are collectively treated as one huge lot by grades and all producers receive the same average price for each grade.) Products, sales receipts, expenses, and net earnings are pooled.

preferred stock

a stock which has a preference with respect to dividends and, in event of bankruptcy, to assets also; such stock is an investment in the cooperative, carries no voting rights as common voting stock does, and earns a fixed dividend payment.

proxy voting

a written authorization empowering another person to vote for and act on behalf of a member. Such proxy voting is prohibited by the Wisconsin cooperative law and that in many states.

purchasing cooperative

a cooperative through which both production supplies (seed, feed, fertilizer, chemicals, farm appliances, etc.) and consumption goods (groceries, clothing, fuel, home appliances, etc.) are acquired.

quorum

the number of members of an association required to be present in person to transact business legally. The Wisconsin Cooperative Law states that this must be 10% of the first 100 members plus 5% of additional members, but in any event not over 50 members nor less than 5 members or a majority of all members, whichever is smaller, unless the by-laws fix a larger number.

Raiffeisen, Friedrich Wilhelm

"father of the credit union movement"; German advocate and organizer of credit societies, world renowned cooperator. (1818-1888).

REA (rural electric administration)

a governmental agency which makes loans to rural electric cooperatives. Also refers to a local "rural electric association" which distributes electricity in rural areas.

REC (rural electric cooperative)

a local cooperative which distributes electricity in rural areas to farmers and others alike.

regional cooperative

a cooperative serving members in a relatively large geographical area, usually involving a fairly large section of a state or even several states as distinguished from a local and a national cooperative--most federated and centralized associations serve a membership in a regional area.

reserve

amount set aside from net savings to be kept in the business permanently. The reserve may be unallocated in which event no pro rata allocation is made to patrons or members but the reserve becomes the property of the firm. An allocated reserve consists of patronage refunds retained in the business for indefinite periods, that are allocated on a pro rata basis to patrons, and evidenced either by certificates or allocated capital book credits to the patrons. Reserves may be set aside for dif-

ferent purposes such as valuation reserves for depreciation and obsolescence, contingency reserves for bad debts, and capital reserves for business expansion.

retain (per unit)

funds withheld from patrons for the purpose of building up capital under a revolving capital plan of financing (also called capital retains).

revolving capital plan of financing

a financing plan in which capital funds are obtained from member-patrons through capital retains or retention of patronage refunds, are used for a period of time by the cooperative and later repaid to the member-patrons; a plan for rotating all or part of the capital funds of an association.

Rochdalians

twenty-eight persons of Rochdale, England who in 1844 organized a cooperative grocery store that proved to be highly successful. Their fame rests upon the fact that they followed practices of organization and operation in their cooperative which were so successful that they were later known, and to this day, as the Rochdalian principles of cooperation.

Sapiro, Aaron

American cooperative evangelist; advocate of centralized commodity marketing associations; drafter of a cooperative marketing act enacted in part or wholly in many states (1884-1959).

service cooperative

a cooperative that deals solely or primarily in the rendering of services as distinguished from handling commodities (services such as housing, financing, insurance, artificial breeding, electricity and telephone service).

Sherman Antitrust Act

a federal law enacted in 1890 that declared illegal every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce.

sole proprietorship

a business or firm owned by one individual.

specific performance

an order of the court to a contract signer compelling him to perform his contract as he had agreed to when he signed it. Many state laws entitle an association "to an injunction to prevent the further breach of the contract and to a decree of specific performance thereof." The other remedy for breach of contract, namely liquidated damages, is also included in the laws.

stock or share

a certificate showing investment in the cooperative as well as ownership rights.

Warbasse, Dr. James Peter

founder of the Cooperative League of the USA; strong advocate of consumers' cooperatives; author of several books on cooperation including his classic "Cooperative Democracy" (1866-1957).

wholesaler

a merchant middleman operating between the processor (or manufacturer) from whom he buys and retailers to whom he sells, frequently buying carload lots or full truckload lots.

APPENDIX D

SELECTED TEACHING AIDS

(CODED TO THE LESSON GUIDES)

C. 1. Handout.

UPDATED COOPERATIVE PRINCIPLES

1 - Membership of a cooperative society should be voluntary and available without artificial restriction, or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2 - Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed upon by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a a democratic basis in a suitable form.

3 - Share capital should only receive a strictly limited rate of interest, if any.

4 - Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

(a) By provision for development of the business of the cooperative
(b) By provision of common services
(c) By distribution among the members in proportion to their transactions with the society

5 - All cooperative societies should make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic.

6 - All cooperative organizations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels.

C. 1. Assignment

APPLICATIONS OF COOPERATIVE PRINCIPLES

Wayne H. Weidemann

Cooperative Education and Training, Inc.

1 - Farmer A offers to sell his common stock (voting shares) in the Pokunk Farm Marketing Cooperative to his city cousin. What, if anything, is wrong with this proposed transaction?

2 - Sunshine Fruit Marketing Cooperative by-laws specify that each member shall have one vote on any action or policy adopted by the cooperative. Sam Jones, who markets approximately $10,000 worth of fruit through the cooperative each year, introduced a resolution at the last annual meeting to allow more than one vote to each member who markets more than $5,000 of fruit annually through the cooperative. If adopted, would this resolution alter the nature of the cooperative?

3 - Rock River Cooperative board members recommended at the membership annual meeting that no interest or dividends be paid on membership or voting share capital. Would you as a member vote to support the resolution?

4 - Some members of the Valley Farm Supply Cooperative are urging their manager to sell merchandise at cost; some maintain that members should not be charged as non-members; while others maintain that all net operating margins should be paid in cash. What recommendations would you as manager make to try to resolve these differences?

5 - You are manager of Big Sky Cooperative. You are about to recommend that the cooperative allocate 5 percent of net savings for education. What facts or arguments would you use to support your recommendation?

6 - Eight cooperatives have their home offices in Hooperville, the county seat town--credit union, supermarket, rural electric, livestock marketing, oil cooperative, housing, production credit association, and artificial insemination association. You are an Extension Agent in the county and you are concerned about having so many cooperatives in the area. What could you do?

Cooperative Education and Training, Inc., 3130 Lakeland Avenue, Madison, Wisconsin 53704

I. 3. Assignment.

Guide for Board Decision Making in a Cooperative

The Capital City Cooperative Limited is a farm supply cooperative. It has a membership of 15,000 farmers. These are located in a radius of 30 miles from Capital City including the area served by a number of smaller communities in the area. The Capital City Cooperative does a volume of business of approximately $10 million annually in livestock feeds, fertilizer, fuels, building supplies and related products.

The Cooperative was organized 41 years ago at the beginning of the Depression. Its major growth has been over the last 20 years and particularly the last five with the amalgamation of two smaller cooperatives with the Capital City Cooperative, and the dissolution of two others, one with a considerable loss of member equity.

In the immediate vicinity of Capital City and to the north the farms are large and prosperous. To the south, east and west the farms are smaller with about 25% being subsistence farms. Particularly on the smaller farms, the education of the members is in the Grade 6-10 bracket.

Assignment Questions

Your group consists of the board and manager of the cooperative. What would be:

1. A satisfactory statement of objectives for the cooperative?

2. A statement of policies?

3. Some examples of suitable goals for each objective.

K. 1. Assignment.

TRUE OR FALSE

1. "People are all alike." _____
2. I expect to increase my mental capacity considerably during the next five years. _____
3. People generally have a wide range of interests. _____
4. "You can't teach an old dog new tricks." _____
5. I can do little, if anything, to change my aptitudes. _____
6. Generally speaking, all people feel an equal need for self-fulfillment. _____
7. Man is inherently lazy, and will work mainly because others make him work. _____
8. Man's actions are determined by self-interest. _____
9. Competition is the most important incentive to work. _____
10. Monetary reward provides the most important motivation to get work accomplished. _____

K. 1. Handout.

THE INDIVIDUAL

(prepared by Western Cooperative College, Saskatoon, Canada)

I. INTRODUCTION

The human being is a complex organism, often thought of in terms of the physical - the flesh and blood and bones; and the spiritual - the matter of the mind. Over the centuries, the physiologist has learned much about the physical part of man - the location, description and function of bones, muscles, glands, etc. In more recent times the psychologist has learned a good deal about mental processes. And in modern times there is a growing recognition of the interaction of the physical and mental functioning of the human being.

But new knowledge often threatens and exposes traditional assumptions and theories; witness the reluctant acceptance of the practice of psychiatry - the study and treatment of mental disorders.

And any study of the human being is further complicated by various interpretations of his relationship to the supernatural.

Our purpose here is to recognize the complexity of the individual, not to make a detailed study of the various sciences involved. It should be remembered, however, that we are concerned with the whole individual, physical and mental, even in this over-simplified discussion of what we are, and why we do what we do.

II. WHAT WE ARE

While there is still much to learn about what we are, it seems reason-

able at this point in time to accept the following as truths:

A. We are all different, one from another.

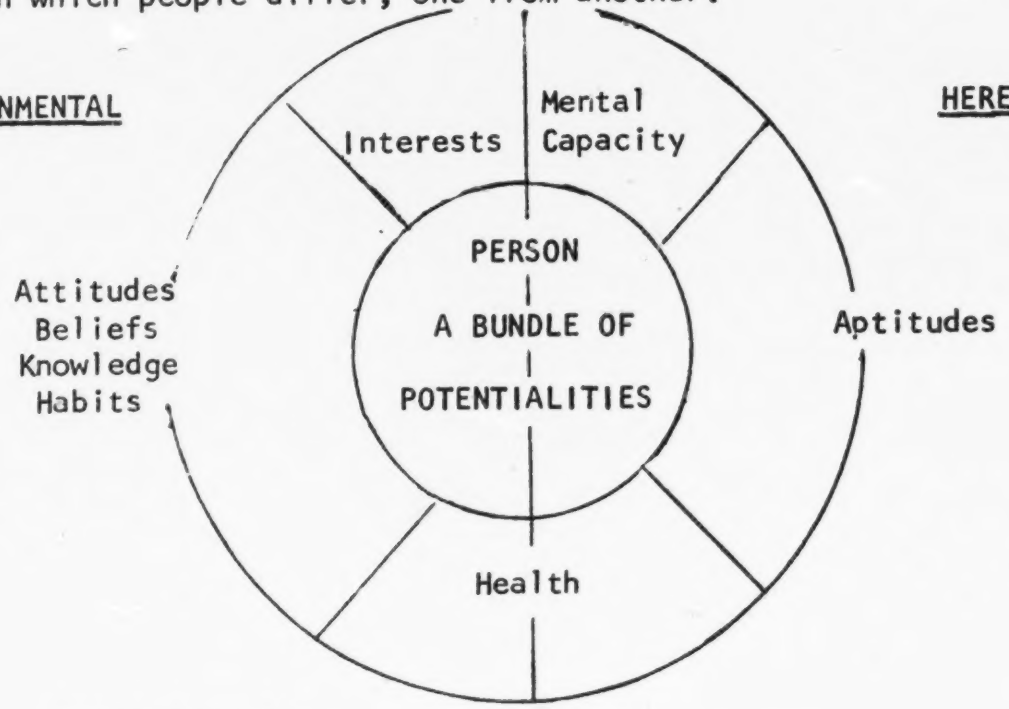
B. We are different, day by day.

C. We all act and react in different environments.

D. We are all a product of what we have inherited and what we have acquired.

The Individual

The chart below indicates some hereditary and environmental characteristics in which people differ, one from another:



1. Mental Capacity

In general, we can say that each person inherits a certain mental capacity. How well he develops that inherent capacity is, of course, quite another matter.

2. Aptitudes

The capacity or inclination to do certain kinds of things is also inherited.

3. Health

The health factor is due partly to inheritance (susceptibility

to certain diseases) and partly to environment (the way we eat, live and drink).

4. Attitudes, Beliefs, Knowledge, Habits, Interests

These are acquired after we are born, and therefore it is within our power to change them. Others cannot change these for us, but they may influence us to change them.

III. WHY WE DO WHAT WE DO

Generally speaking, we do whatever we do because we wish to satisfy certain needs that we have. That is to say, our actions are determined by self-interest.

Man is a wanting animal - as soon as one of his needs is satisfied, another appears in its place. This process is unending - from birth to death. These needs are not always readily identified, nor are they necessarily of our own choosing. Man continuously puts forth effort to satisfy his needs.

Levels of Needs

Human needs are organized in a series of levels - a hierarchy of importance. Each level of needs is of pre-eminent importance when thwarted. A satisfied need is no longer a motivator of behavior. Once one need is satisfied, then other needs become important motivators.

A. Physiological needs - food, rest, exercise, shelter. Until these needs are met to a reasonable degree, other needs are usually in-operative as motivators of behavior.

B. Safety needs - for protection against danger, threat, deprivation. In an independent relationship, this may mean the need for the "fairest possible break"; in a dependent relationship, it may

mean the need for protection - security.

C. Social needs - for belonging, for association, for giving and receiving friendship and love. Man is gregarious.

D. Egoistic needs -

1. Relating to self-esteem - need for self-respect and self-competence, for achievement, for autonomy, for knowledge.

2. Relating to reputation: needs for status, recognition, appreciation, the deserved respect of others.

E. Self-fulfillment needs - for realizing one's own potentialities, for continued self-development.

Unlike the lower needs, these are rarely satisfied; man seeks indefinitely for more satisfaction of these needs once they have become important to him.

SUMMARY

I. Each individual has characteristics that are

A. Inherited - he has rather limited power, if any, to change these characteristics. It is, however, his responsibility to develop and use these to the best advantage.

B. Acquired - these characteristics are developed, consciously or unconsciously, in relation to the environment (experience) of the individual. Only he can change them; though others may influence him to do so. Such changes are usually difficult, and take place over a period of time.

II. Man is a wanting animal. He will continuously strive to satisfy those needs that are important to him at the time. Generally

speaking, his behavior will be determined by the lowest level of needs that are not reasonably satisfied.

III. A. Human needs are organized in a hierarchy of importance.

B. Our needs are not necessarily of our own choosing.

C. We are often unable to identify our own needs - particularly higher level needs.

D. We have difficulty knowing what will satisfy higher level needs.

E. A satisfied need is <u>not</u> a motivator.

F. Needs - particularly higher level - are insatiable over time.

G. Our actions are prompted by a desire to satisfy <u>our</u> needs.

K. 2.

How Individuals Work in a Group

"Man is free--yet he is everywhere in groups." This expression is a key to understanding how individuals interact. We take part in few activities that do not affect others.

Individuals are subject to pressures and forces within their own groups. These pressures are reflected in how an individual works with others.

It is possible for someone within a group to learn only his own role and still perform quite efficiently. It is virtually impossible, however, for any individual who functions as a liaison between groups to perform efficiently without understanding group structures and processes.

WHAT TO KNOW ABOUT A GROUP

To understand a group, you must know something about the group's:

- Size
- Resources
- Organization
- Major purposes or objectives
- Role structure
  --who does what and why?
  --where in the group's role structure does each individual fit?
  --what forces act upon each individual and what does the group expect of him?
  --how clearly does each individual understand his role?

FUNCTIONAL ROLES

Quite often the leader helps form a group and aids in group programming. The leader must recognize roles that appear during a process and be in a position to help establish people in such roles and coordinate their actions. Therefore, keep in mind three types of roles: group task roles, individual roles, and group maintenance and building roles.

1. Group Task Roles

Group roles are related to the tasks the group undertakes. People

in these roles help coordinate group efforts and try to ease the defining and solution of problems. It is particularly important that the need for group roles appears when a group is forming or during the early stages of problems the group hopes to solve.

Each group role does not require a different individual. In fact, any one individual may play a number of group task roles. Some of these roles are:

The initiator-contributor plays an important role in the group. He gets the group started with new ideas and experimenting with new practices.

The information seeker tries to clarify suggestions made by group members. He asks for pertinent facts. He provides a good check on the operations of the group.

The information giver gives authoritative facts or generalizations related to his own experiences. His role is a necessary complement to the information seeker's role; it frequently is required of leaders.

The coordinator pulls together ideas or suggestions and clarifies the relationships among ideas and suggestions offered by group members. In effect, he is a simplifier.

The procedural technician does the leg work. He may perform tasks necessary for group progress, tasks such as distributing materials, arranging the seating order, or running a recorder.

Other group task roles are the opinion seeker, opinion giver, elaborator, orienter, evaluater, critic, energizer, and recorder.

All of the above roles are essential to the successful development of a new group and to successful action by any established group.

Often, the failure of any individual to assume his roles at the right time results in dismal failure. For example, an overactive information seeker can establish an air of skepticism in the entire group unless another individual counteracts his influence by assuming the role of information giver.

2. Individual Roles

These roles spring from attempts by group members to satisfy their individual needs. They often are irrelevant to the task at hand and may even be in conflict with group goals. Individual roles include:

The aggressor deflates the status of others, attacks the group or

problem, and questions the group's ends.

The special interest pleader speaks for a special interest group such as small businessmen, housewives, laborers, or farmers. Although he may be identified with the special interest group, he is not identified with the main goals and objectives of the whole group.

The playboy displays a lack of involvement in the group process. He may show cynicism, nonchalance, horseplay, etc.

Other individual roles include the blocker, recognition seeker, self-confessor, dominator, and help seeker.

These individual roles show up in almost every group situation. They sometimes occur so frequently that they disturb the group's progress. In such cases, the group may fail to define its main objectives properly and to identify individuals with group goals.

3. Group Building and Maintenance Roles

These roles primarily are oriented toward the functioning of a group as a unit. They are designed to alter or maintain the group way of thinking. And they strengthen, regulate, and perpetuate the group.

The encourager must praise the goals of the group, the means of achieving these goals, and the efforts of members. His functions are to reaffirm the group's original course and to carry through his support of it.

The harmonizer may be the "fireman" of the group. He stands ready to mediate the differences between members and relieve tension in conflict situations. Such a role becomes necessary to insure that group efforts are not misdirected and time is not wasted on conflicts subsidiary to the group's main interest.

The standard setter continually reexpresses or clarifies the standards necessary to keep the group functioning. He constantly evaluates how well the group is working to attain its objectives. His role is particularly important because he serves the essential function of keeping the group headed toward its goal.

Other group building roles include the compromiser, expediter, commentator, and follower.

FINALLY

No role in these three categories is difficult to recognize. All of them appear from time to time in any functioning group. To be able to view the group as consisting of and operating through these roles is a difficult matter.

A leader must be able to recognize the absence of any important group or individual role at the crucial time. The ability to call forth or to limit these roles constitutes a mark of leadership.

Any individual who works with groups must be able to step back mentally and view the group as a network of role relationships that can and should be developed to meet group needs. Many individuals are skilled at playing one or the other of these roles. But few have the skill to see these roles in their proper perspective.

This bulletin was adapted from material prepared by the National Project in Agricultural Communications, Michigan State University, East Lansing, Michigan.

APPENDIX E

Sample Lesson Plan

Lesson Plans for Unit F

-- The Financial Statement

UNIT - F

(Lesson Plan I)

1. AREA: Cooperation and Cooperatives

2. UNIT - F: Financial Statement

3. OBJECTIVE: To be able to comprehend key terms used in a cooperative financial statement.

4. METHODS: (Learning Activities)

   Reading
   Class discussion

5. MOTIVATIONS:

   Ask questions
   Write answers on the chalkboard
   Relate terms to everyday life

6. CONTENT:

   12 terms (definition and examples of each)

7. TEACHING AIDS:

   Handouts
   --Sample financial statement
   --Terms and definitions

Transparency
--Key terms
Cooperative manager

8. REFERENCES:

Cooperative manager

9. EVALUATION:

(See unit evaluation at the end of lesson 3)

SAMPLE FINANCIAL STATEMENT

Balance Sheet December 31, 19__

ASSETS

Current Assets:			
Cash on hand and in banks		$120,290	
Accounts receivable		59,600	
Notes receivable		11,800	
Inventories		17,600	
Total Current Assets			$209,290
Fixed Assets:			
Land		$ 18,950	
Buildings	$ 85,600		
Equipment	120,000		What the Co. owns
Total	$205,900		
Less depreciation	65,300	140,600	
Total Fixed Assets			159,550
Other Assets:			
Prepaid Expenses			2,500
TOTAL ASSETS			$371,340

LIABILITIES

Current Liabilities:			What the Co. owes
Accounts payable	$ 50,250		
Notes payable	15,500		
Taxes payable	2,500		
Salaries and wages payable	42,000		
TOTAL CURRENT LIABILITIES		$110,250	
Long Term Liabilities:			
Notes-bank		$ 8,000	
TOTAL LIABILITIES			$118,550

NET WORTH

Common stock	$125,000		Members' equity
Preferred stock	25,000		
Allocated equities (members)	85,000		
Tax paid retained earnings (surplus)	18,090		
TOTAL NET WORTH			$253,090
TOTAL LIABILITIES AND NET WORTH			$371,340

Statement of Operations, December 31, 19__

ITEM		AMOUNT	% OF SALES
Gross Sales	$450,000		
Less returns and allowances	2,500		
Net Sales		$447,500	100.0
Cost of Goods Sold		300,000	67.0
Gross Proceeds		$147,500	33.0
Less:			
Operating Expense	74,200		
Repairs and Supplies	12,000		
Office Expense	14,000		
Insurance	900		
Taxes	5,000		
Depreciation	17,000		
Telephone	600		
Utilities	1,800		
Miscellaneous	2,000		
Total Expense		$127,500	
Net Operating Proceeds		$ 20,000	
Dividends to Preferred Stockholders		1,000	
Federal Income Tax[1/]		500	
Net Proceeds		18,500	
Allocated to Members			
Cash (50%)	$9,250		
Allocated Equities	$9,250		
Net Undistributed Proceeds	-0-		

[1/] Paid on Net Proceeds on November Business.

Handout F-1

COMMON FINANCIAL TERMS AND THEIR DEFINITIONS

1. Assets--The properties owned by a business.

2. Fixed Assets--Tangible assets used in the business that are of a relatively fixed or permanent nature.

3. Current Assets--Cash and other assets that may reasonably be expected to be realized in cash or sold or consumed usually within a year or less through the normal operations of the business.

4. Accounts Receivable--Claims against debtors, that arise from sales of services or merchandise on account.

5. Liabilities--The amounts owed to creditors.

6. Current Liabilities--Payments that will be due within a short time (usually one year or less) and that are to be paid out of current assets.

7. Long Term Liabilities--Payments that will not be due for a comparatively long time (usually more than one year).

8. Gross Sales--The value of the total business for the year.

9. Net Income--The excess of the revenue over the expenses incurred in earning the revenue.

10. Balance Sheet--A list of the assets, liabilities, and capital of a business entity as of a specific date, usually at the close of the last day of the month.

11. Merchandise Inventory--The stock on hand at a given time.

12. Depreciation--The reduction of value representing a business expense.

Transparency F-1

COMMON FINANCIAL TERMS

1. Assets
2. Fixed assets
3. Current assets
4. Accounts receivable
5. Liabilities
6. Current Liabilities
7. Long term liabilities
8. Gross sales
9. Net income
10. Balance sheet
11. Merchandise inventory
12. Depreciation

UNIT - F

(Lesson Plan - II)

1. AREA: Cooperation and Cooperatives

2. UNIT - F: Financial Statement

3. OBJECTIVE: To appreciate and be able to interpret key ratios in a cooperative financial statement.

4. METHODS: (Learning Activities)

Lecture-discussion

5. MOTIVATION:

Ask questions
Practical application to sample statement

6. CONTENT:

8 key ratios (definition and computation of each)

7. TEACHING AIDS:

Handout
--Ratio and definitions
Transparency
--Key ratios
Cooperative manager

8. REFERENCES:

Cooperative manager

9. EVALUATION:

(See Unit evaluation at the end of lesson 3)

Handout F-2

FINANCIAL CONTROLS AND KEY RATIOS

There are two basic financial statements used in financial control:

1. Balance Sheet - statement of what the company owns and what is owed others and what the company is worth at a specific time. The balance sheet covers a period of time--month, six months, or a year.

2. Statement of Operations - statement of income and expenses and net profits (or loss) for a period of time.

Key Indicators

The financial structure of a business, as shown in the financial statements, is a Key Performance Area (KPA). Certain Key Indicators, expressed as ratios, are often used as control tools in measuring company performance. Not all businesses need to operate with the same ratio values; consequently, a standard for any ratio is hard to set. The greatest value will be in comparing ratios of similar organizations and watching the trend in one company. Deviations from acceptable values should be considered cause for investigation and correction.

Many different ratios can be calculated from the balance sheet and the statement of operations; a few of the more common ratios are:[1]

1. Current ratio: shows current assets available to pay current liabilities. A satisfactory ratio is from $1.25-1.50 of current assets to $1.00 of current liabilities, depending on the type of business.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

A measure closely related to the current ratio is the amount of working capital available.

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[1]For more detail see: Merrill Lynch, Pierce, Fenner and Smith, Inc. "How to Read a Financial Report." (Free) and "Understanding Financial Statements," available from the Cooperative Extension Service at Mississippi State University, Auburn University or Louisiana State University.

Working Capital = Current Assets - Current Liabilities.

Working capital, or net current assets, is the operating capital used for meeting current expenses and financing credit. Available working capital should be compared for several years and major changes are cause for investigation. Total working capital needed, will depend on the type of business.

2. Acid test: indicates whether a business can pay its bills or must borrow. A ratio of one or more indicates that current obligations can be met.

$$\text{Acid test ratio} = \frac{\text{Cash and Current Receivables (Quick Assets)}}{\text{Current Liabilities}}$$

3. Return to investment: indicates the return to the owners on the capital they have invested.

$$\text{Return on investment} = \frac{\text{Net Return}}{\text{Net Worth*}}$$

*Net worth or owners equity represents the share of the business owned by the members.

4. Inventory turnover: indicates the number of times the average inventory is sold during the year. Varies from business to business with perishables having a higher turnover than nonperishables.

$$\text{Inventory turnover} = \frac{\text{Cost of goods sold}}{\text{Average inventory at cost}}$$

5. Average collection period: indicates the number of days the average account is outstanding.

$$\text{Average collection period} = \frac{\text{Accounts Receivable x 300}}{\text{Net Sales}}$$

6. Days in receivable: shows the number of days sales tied up in accounts receivable.

$$\text{Days sales in receivables} = \frac{\text{Accounts receivable}}{\text{Average daily sales}}$$

7. Net sales ratios: these ratios are often calculated for different expense and income items as a percent of sales. For net income the formula is:

$$\text{Income as \% of sales} = \frac{\text{Net income}}{\text{Net sales}}$$

8. Percent of owners' equity: measures the owners' (members') equity in the business after all liabilities have been subtracted from the assets.

$$\% \text{ owners' equity} = \frac{\text{Net worth}}{\text{Total assets}}$$

Transparency F-2

KEY RATIOS IN A COOPERATIVE FINANCIAL STATEMENT

1. CURRENT RATIO = $\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$

2. ACID TEST RATIO = $\frac{\text{CASH AND CURRENT RECEIVABLES}}{\text{CURRENT LIABILITIES}}$

3. RETURN ON INVESTMENT = $\frac{\text{NET RETURN}}{\text{NET WORTH}}$

4. INVENTORY TURNOVER = $\frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORY AT COST}}$

5. AVERAGE COLLECTION PERIOD = $\frac{\text{ACCOUNTS RECEIVABLE X 300}}{\text{NET SALES}}$

6. DAYS IN RECEIVABLES = $\frac{\text{ACCOUNTS RECEIVABLE}}{\text{AVERAGE DAILY SALES}}$

7. NET SALES RATIO = $\frac{\text{NET INCOME}}{\text{NET SALES}}$

8. PERCENT OF OWNERS EQUITY = $\frac{\text{NET WORTH}}{\text{TOTAL ASSETS}}$

UNIT - F

(Lesson Plan III)

1. AREA: Cooperation and Cooperatives

2. UNIT - F: Financial Statement

3. OBJECTIVE: To be able to draw conclusions on the financial standing of a cooperative.

4. METHODS: (Learning Activities)

Assignment
Class discussion

5. MOTIVATION:

Explain the practical application

6. CONTENT:

Sample cooperative financial statement

7. TEACHING AIDS:

Assignment
--Analysis of financial statement
Handout
--Sample of a cooperative financial statement
Cooperative manager

8. REFERENCE:

Cooperative manager
Roy (1), chap. 17

9. EVALUATION:

a. Each student complete and hand to the instructor the above assignment, using the financial statement of a local cooperative.

b. Instructor examine each assignment and in the next session review items that were incorrect.

Assignment F-3

ANALYSIS OF FINANCIAL STATEMENT

Using the financial statement calculate the following ratios and rate each in terms of being satisfactory or unsatisfactory.

Ratio	Actual	Standard	Rating	
			Satisfactory	Unsatisfactory
1. Current ratio				
2. Acid test ratio				
3. Return on investment				
4. Inventory turnover				
5. Average collection period				
6. Days in receivables				
7. Net sales ratio				
8. Percent of owners equity				